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ABSTRACT

In 1997, the Finance Project convened a roundtable meeting of representatives from organizations who have been working to improve the financing of services and supports to young children and their families; the meeting was convened with the purpose of mapping an agenda for future research, development, and demonstration to support improvements in early childhood financing. This paper organizes the meeting's recommendations into a coherent framework for a research and demonstration agenda. Three principles emerging from the meeting are highlighted: the need for community-based, family-focused, preventive, and comprehensive services; the importance of cultivating informal support systems and formalized services; and the realization that financing strategies are a means to an end, inextricably linked to strategies for service delivery. The paper begins by outlining the major strategic directions for change that emerged from the roundtable discussion, including realigning financing strategies to adapt to changing social policy environment, making better use of fiscal resources, developing the infrastructure to support improved financing, and building public will, leadership, and resources to support change. Section 2 discusses how these strategic directions translate into a research, demonstration, and tool-building agenda, with proposed activities in three major categories: (1) research, including theory building, policy research, and evaluation; (2) demonstration projects, especially how a wide range of financing strategies can achieve better results for children and families; and (3) tool-building, involving further developing and making accessible to states and communities a wide variety of models and tools, such as results-based budgeting, resource mapping, and the use of data to inform decision making. (KB)

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FINANCING SERVICES FOR YOUNG CHILDREN AND THEIR FAMILIES

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New Directions for Research, Development, and Demonstration

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THE FINANCE PROJECT

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June 1998

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THE FINANCE PROJECT

PREFACE

Across the country, there is mounting evidence of efforts to reform and restructure education and other community supports and services, in order to improve the lives and future prospects of children and their families. Critical to the success of these initiatives is the way in which they are financed. How revenues are generated and how funds are channeled to schools, human service agencies, and community development initiatives influence what programs and services are available. Financing determines how such programs and services are provided and who benefits from them. Financing also affects how state and local officials define investment and program priorities, and it creates incentives that guide how educators, other service providers, and community volunteers do their jobs. For these reasons, financing fundamentally affects how responsive programs and institutions are to the needs of the people and communities they are in business to serve.

In recent years, several blue-ribbon commissions and national task forces have presented ambitious prescriptions for reforming and restructuring the nation's education, health, and human service systems in order to improve outcomes for children. While some have argued that public financing and related structural and administrative issues are critical to efforts to foster children's healthy development and school success, no project has been framed for the specific purpose of inventively reconceptualizing public financing. Indeed, many of the most thorough and thoughtful reports have called for an overlay of new funds, but have neglected to provide cogent analyses of effective financing strategies, the costs of converting to these approaches, and the potential beneficial outcomes that might accrue from addressing financing reform as an integral aspect of program reform.

The past several years have witnessed a burgeoning of experimental efforts by mayors and city managers, governors and state agency directors, legislators and council members, and program managers and school officials to make government work better and more efficiently. They have been enhanced by the work of people outside of government, including foundation executives, business and labor leaders, community organizers, and academic scholars. Some are creating new ways to raise revenues, manage schools, deliver human services, and spur community economic development. Others are designing new public governance and budgeting systems. Still others are developing and testing new approaches to more directly involve citizens in setting public priorities and maintaining accountability for public expenditures. Taken together, these efforts suggest the nascent strands of new and improved public financing strategies.

Against this backdrop, a consortium of national foundations established The Finance Project to improve the effectiveness, efficiency, and equity of public financing for education and an array of other community supports and services for children and their families. The Finance Project is conducting an ambitious agenda of policy research and development activities, as well as policy maker forums and public education. The aim is to increase knowledge and strengthen the capability of governments at all levels to implement strategies for generating and investing public resources that more closely match public priorities, and more effectively support improved education and community systems.

As part of its work, in the fall of 1996 The Finance Project joined with several other national organizations to launch the Collaborative Initiative to Improve Financing for Early Childhood Supports and Services. The purpose of the Collaborative Initiative was to mobilize intellectual and technical resources to improve state and local financing strategies and systems of supports and services aimed at young children and their families. In November 1997, The Finance Project, as the managing partner of the Collaborative Initiative, convened a Roundtable of nationally recognized experts in early care and education, public- and private-sector financing, and state and local systems reform to help map an agenda for future research, development, and demonstration to support improvements in the financing of supports and services for young children and their families. The Roundtable explored promising directions for creating new knowledge, policy tools, and implementation strategies that can bolster ongoing efforts by providing the resources and other support needed by states and communities undertaking reform efforts.

In a series of sessions, participants heard from national experts and state and community leaders about the state of knowledge and information on financing issues critical to the success of reform efforts. Panelists then explored together topics and ideas for future research, demonstration projects, and tool development. The Roundtable featured sessions on the following five topics:

- Mapping the Issues: How States and Communities See the Challenges of Financing Early Childhood Supports and Services;
- Adapting to a Changing Policy Context: Understanding the Opportunities and Challenges of Welfare Reform;
- Investing for Results: Reforming Planning, Budgeting, Management, and Accountability Systems;
- Diversifying and Expanding the Funding Base: Creating and Sustaining Effective Public-Private Partnerships; and
- Balancing Cost Containment and Comprehensive Supports and Services for Young Children and Families: Contracting with the Private Sector.

This report organizes and summarizes the themes and issues that emerged from the Roundtable discussions and presents a series of concrete suggestions for new research, demonstration projects, and technical assistance tools that would provide the knowledge and resources that states and communities require to stimulate and support reform efforts.

This paper, *Financing Services for Young Children and Their Families: New Directions for Research, Development, and Demonstration*, was prepared by Jennifer Miller of The Cornerstone Consulting Group, with input from Cheryl D. Hayes, Carol Cohen, and Sharon Deich of The Finance Project. Sharon Deich took the lead in editing the paper and managing the production of this volume. Helpful comments on a draft of the paper were provided by Maud Abeel, Frank Farrow, Cornelius Hogan, Judy Jones, Lynn Kagan, Sheila Kamerman, Michael Levine, Nina Sazer O'Donnell, and Susan Smith. We gratefully acknowledge the

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Cheryl D. Hayes
Executive Director

INTRODUCTION

Purpose of the Roundtable and of This Paper

In November 1997, The Finance Project, as the lead partner in the Collaborative Initiative to Improve Financing for Young Children and Their Families,[1] brought together representatives from a broad community of individuals and organizations who have been working to improve the financing of services and supports for young children and their families. The purpose of the Roundtable meeting was to help map an agenda for future research, development, and demonstration to support improvements in early childhood financing. Roundtable participants developed this agenda by exploring promising directions for creating new knowledge, policy tools, and implementation strategies; identifying gaps; building consensus about what is needed; and creating an agenda for how to proceed. The Roundtable drew on the knowledge, experience, and creative thinking of an array of state and local leaders, university and think-tank scholars, representatives of national organizations, and others involved in state and local efforts to improve the delivery and financing of early childhood supports and services.

The Roundtable meeting surfaced a range of issues and challenges, culminating in a set of creative and concrete recommendations for action. The purpose of this paper is to pull the recommendations together into a coherent framework for a research and demonstration agenda. This agenda is intended to serve as a catalyst to engage a wide network of people and organizations in a coordinated set of actions to further enhance the financing of services and supports for young children and their families.

The Finance Project and its collaborative partners acknowledge that the following recommendations represent an ambitious agenda, and that meeting the challenges set out in the following research and demonstration agenda will require the collective efforts of a wide range of individuals and organizations committed to improving outcomes for young children and families.

Principles Guiding the Research and Development Agenda

Throughout the Roundtable discussions, several principles emerged that served as a useful guide for the issues and recommendations on financing services and supports for young children and their families. These principles can help states and communities stay focused on the range of services and supports necessary to meet children's needs. They also serve as a reminder that no one financing strategy, service, or support structure is enough to achieve desired community- or state-wide results. The principles can also help state and local

[1] In addition to The Finance Project, the organizations in the Collaborative Initiative include the Child Care Action Campaign, the Quality 2000 Project at the Yale University Bush Center, the Families and Work Institute, the National Center for Children in Poverty at Columbia University, the Center for the Study of Social Policy, and the Center for Health Policy Research at George Washington University.

communities to stay realistic and optimistic about the scope and breadth of change that can be achieved. These principles are:

- Services and supports should be community-based, family-focused, preventive, and comprehensive. These principles now serve as the basis for a widely accepted "mantra" of larger systems reform efforts, and should guide finance reforms for services and supports for young children and families as well. In the early childhood arena, however, early care and education is often narrowly equated with child care. An early care and education system needs to be defined in its broadest terms to include traditional services—such as child care, health care, home visiting, family support, and early intervention services—as well as community supports for children and families—such as economic development, housing, recreation, and other services that support the infrastructure of a community. This broad view of services and supports requires states and communities to look at a wide range of financing options, including those not traditionally found in a human services budget, as well as those not funded by government at all (such as private housing development and bond issuance).

- Early childhood services and supports should cultivate both informal support systems and formalized services. There is growing recognition of the potential for informal mechanisms to provide the support and guidance that children need for healthy development. These informal support systems—such as religious institutions, self-help groups, and neighborhood associations—are often not considered as part of a financing strategy. Supporting informal systems will not only require going beyond public funding sources (to include private investment), but also looking at non-monetary resources, such as human capital.

- Financing strategies are a means to an end. Decisions about financing strategies cannot be made in a vacuum, because their success is inextricably linked to strategies for service delivery. It is critically important to build consensus about service needs and desired outcomes, and to make sure that financing strategies support how communities want services to be delivered.

Organization of This Paper

This paper is organized as follows. It begins by outlining the major strategic directions for change that emerged from the Roundtable discussion. These have been organized into five categories:

(1) Realigning financing strategies to adapt to changing social policy environments, particularly decisions that need to be made around welfare and health care reform;
(2) Making better use of fiscal resources, primarily through results-based decision making, managed care, and privatization;

(3) Developing the infrastructure to support improved financing by developing clear and concise terms, improving access to information, improving fiscal management systems, developing training packages, enhancing evaluation capability, and building coalitions;
(4) Building public will, leadership, and resources to support change, including developing and sustaining partnerships between the public and private sectors; and
(5) Understanding and investing in a "critical mass," or combination of factors and conditions that are needed to accomplish positive change.

The paper then discusses how these strategic directions translate into a research, demonstration, and tool-building agenda. Proposed activities fall into three major categories:

(1) **Research.** For the purposes of this agenda, research activities include the following:

- Theory building, or the further articulation of conceptual models, such as "critical mass" and "tipping point"[2] to guide financing reforms for early childhood;

- Policy research, or the synthesis of potential policy approaches and their implications for improving the financing of early childhood services and supports, including those related to welfare and health insurance reform; and

- Evaluation, or the systematic study of the impact of financing strategies, such as managed care or contracting, on intended outcomes.

(2) **Demonstration projects.** Testing financing strategies in one or more places can help illuminate what it takes to plan and implement the strategy in the real world, and how the strategy can be improved upon for further replication. Of particular interest is how a wide range of financing strategies can be put together in particular states or communities to achieve better results for children and families.

(3) **Tool building.** This involves further developing and making accessible to states and communities a wide variety of models and tools. These include results-based budgeting, resource mapping, and the use of data to inform decision making. Once developed, targeted technical assistance can help key stakeholders use the tools to their advantage. A carefully thought out dissemination and replication plan can also ensure that as many places as possible have access to the tools and the technical assistance needed to replicate successful models.

[2]These concepts are discussed later in this paper.

ISSUES AND DIRECTIONS FOR REALIGNING FINANCING STRATEGIES TO ADAPT TO THE CHANGING SOCIAL POLICY ENVIRONMENT

Recently enacted social policy reforms such as welfare reform and the new child health insurance legislation present unique opportunities to use existing and new dollars to support early care and education initiatives. The public and most policy makers are now open-minded to investments in these areas for a variety of reasons, including new brain research that reconfirms the importance of investments in early years. Given this research and its positive impact on public attitudes towards investments in young children, the time is ripe to make the case that resources generated from new policy initiatives for children and families should be directed toward services and supports for the early years.

The new policy reforms have several defining characteristics. First, they are marked by devolution, or increased flexibility at the state and local levels to direct existing and new resources toward needs identified by communities. Given that many communities have identified early childhood services and supports as critical to the healthy development of children, this flexibility can be used to direct resources to a wide range of formalized services and supports that make up the early care and education system, such as child care, education, health services, family support, home visiting, housing, economic development, and recreation. They can also be used to support informal support systems in communities, such as neighborhood associations, self-help groups, and community forums.

Second, the most recent policy reforms no longer carry entitlement status, thus limiting the amount of dollars that are available to serve children and families. As a result, states and communities are seeking ways to use available resources in more effective ways. Given the desire to fund those services and supports that work over those that do not, it is important for those promoting early care and education issues to understand that they will be held accountable for the use of public and private dollars.

Third, states and communities are currently making decisions about how to use new and existing resources in a time of economic boom. Policy makers are well aware that the economy will not always be as strong as it is in the late 1990s, and that some resources might be best "tucked away" for future budget shortfalls. Others are concerned about developing new and expanded service infrastructures when funding may not always be available to sustain them.

Providing Access to Information and Technical Assistance to Maximize the Potential of New and Existing Policy Initiatives

The most visible and relevant sources of new federal funding to improve services and supports for families with young children can be found in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and State Child Health Insurance Program (S-CHIP). Many of the decisions about how these funds are used will be made in the coming months, and several issues will bear on whether or not they will be used to improve early care and education systems. Because the legislation authorizes a fixed amount of funds toward these programs, states and communities will have to prioritize needs in order to effectively use these funds.

Both the PRWORA and S-CHIP programs create a new set of issues and challenges for states and communities to consider, and decisions about how to use these funds are complex. For instance, states with new, flexible dollars for Temporary Assistance for Needy Families (TANF) have maintenance-of-effort requirements to consider before deciding how to use limited TANF resources. Because TANF is being implemented while states are experiencing significant reductions in caseloads, states are struggling to find ways to spend maintenance-of-effort dollars. States have the option of spending any or all of the additional $3 billion to $4 billion of excess maintenance-of-effort funds available nation-wide on a wide range of services and supports for young children and their families. States must also decide whether or not to put up new dollars to draw down federal funds for child care assistance under the new consolidated child care block grant.

States implementing the new Children's Health Insurance Program also have difficult choices to make about how to structure the program to expand health care coverage for uninsured, low-income children. Options include expanding Medicaid, establishing a separate program, or adopting a combination of the two approaches.[3] These decisions not only bear on how much-needed health care services are deployed, they also affect the extent to which states can use S-CHIP funds to leverage additional, non-medical support services for young children and families.

Because of the complex nature of the welfare and health care reforms, it is often difficult for advocates and others to grasp the full implications of implementation decisions. As a result, opportunities to influence decisions on behalf of young children and their families may be missed. In order to take full advantage of these opportunities, states and communities would benefit from timely information about new and existing funding streams, and how to use these resources to improve early care and education systems. Specifically, Roundtable participants recommended the development of clear and concise manuals to provide states and communities with information about welfare reform and the child health insurance program that can be used to influence decision making at the state and local levels. These manuals would include descriptive and analytic information about the programs, including the following:

Descriptive Information: This would include basic information to help users become familiar with the new programs, including:

- Major goals and principles associated with the programs;
- A description of the new resources (i.e., TANF, maintenance-of-effort funding, child health insurance, and others) that can be deployed, and rules and regulations associated with their use; and

[3]Weil, Alan. *The New Children's Health Insurance Program: Should States Expand Medicaid?* New Federalism: Issues and Options for States, Series A, No. A-13, October 1997.

- A summary of existing resources (i.e., Medicaid, Child Care Development Block Grant funds), with suggestions for how they can be used to support early care and education.

Analytic Information: This would include analyses of how to maximize opportunities to use resources to improve the early care and education system. Such analyses would include the advantages and disadvantages of various decisions; timing of decisions in state legislatures; and strategies that advocates and others should consider in light of new funding opportunities (i.e., rationales they can use, preferred options, case studies of effective advocacy from some state/local jurisdictions), including tools to map existing resources.

Several Roundtable participants also stressed the need for advocates and others to be knowledgeable about how existing funding streams work, and how they are relevant to early childhood services and supports. Therefore, a catalog of all federal funding streams targeted toward young children and their families could serve as a useful baseline of information about existing resources and how they are deployed. The catalog would include all relevant funding streams; how funds can be combined to support early care and education services; funding allocation formulae; eligibility requirements; matching requirements; and reauthorization dates. It might also include examples of best practices and innovative programs supported by the funds. A mechanism for updating this catalog would also need to be developed.

Once state and local decisions are made, policy makers, advocates, and others will need strategies and tools for monitoring the impact of these decisions on children and their families, and the extent to which new policies result in improvements in service delivery and better results for children and families. While there are many national studies tracking the effects of these programs and policies (i.e., the Urban Institute's Assessing the New Federalism Project), there is very little information available for state and local decision making. Again, Roundtable participants recommended the development of user-friendly manuals to help policy makers, advocates, and others monitor the <u>impact</u> of welfare reform and health care decisions on the healthy development of children. This manual would include practical information, such as:

- A guide to data that can be accessed to monitor results;
- Tools, such as surveys and interviews, that can be used to track program effectiveness; and
- Strategies for making needed policy and program changes.

Finally, many states and communities have placed improving early childhood services and supports high on their agenda. These states are poised to use opportunities brought about by new policy developments to their advantage. Technical assistance to these sites

should be deployed as quickly and efficiently as possible, so that they can seize opportunities to affect funding decisions.

ISSUES AND DIRECTIONS FOR MAKING BETTER USE OF FISCAL RESOURCES

There is a public perception that many current social policies are not working, and that there must be ways to get better results for dollars spent. While there continues to be great need in terms of services and supports, these needs must be addressed with limited public resources. As a result, citizens and policy makers are demanding more accountability for investments made in social programs. This focus on accountability forces states and communities to find ways to prove that spending from new and existing resources can achieve better results for children and families. In response, new approaches have emerged in the children and family field that are intended to help make better use of current fiscal resources. These approaches—including results-based decision making, privatization, and managed care—have major implications for how services and supports for young children and their families are financed and delivered.

Developing Models and Tools for Results-Based Decision Making

Results-based decision making has emerged as a promising framework for states and communities to better understand how investments are working to meet intended results. Several states, such as Georgia, Oregon, and Vermont, have used results-based approaches as the foundation for their work to reform a full range of child and family services, including early care and education. In many states and communities, moving from the rhetorical stage to action on results-based work has been difficult, and the field is just beginning to accumulate a good body of knowledge about how this can be done.

The six steps required for using results to drive action are as follows: (1) identify the results desired; (2) choose indicators to measure whether these results are being achieved; (3) establish a baseline; (4) create strategies to turn the curve away from the baseline for one or more indicators; (5) implement the strategies; and (6) periodically review whether or not the strategies have helped change the baseline toward desired results.[4] The principles of results-based decision making are similar to many of those that undergird basic business principles: ensure that investments are made in those programs that produce good results, and disinvest in those that do not.

Moving through the process of results-based work is not without major challenges. Some identified during the Roundtable include the following:

- Public officials, advocates, and others must be prepared to stop investing in some programs and start investing in others. This often results in politically difficult decisions and changes in existing priorities. It also requires many people to do business differently.

[4]Adapted from "Investing in Results for Young Children and Their Families," by Mark Friedman of the Fiscal Policy Studies Institute. Paper prepared for the Roundtable. November 1997.

- Public officials must decide whether to target services and supports, or to advocate for a universal system. While a universal system may be a desirable goal in the long run, targeting resources can more clearly demonstrate which strategies work to produce good results, and can help gain support needed to move toward a more universal system. This can also be a politically charged issue, and one that requires careful and strategic planning as one moves toward a results-based orientation.

- The strategies and tools needed to support a results-based decision making process have had to be developed along the way. While the field has become much more sophisticated over the past decade in how it measures progress toward results, there is much work to be done to perfect these tools, and to make them accessible to a growing number of states and communities.

- Current data and fiscal management systems do not adequately support results-based decision making. As discussed in the next section, it is difficult to identify the right indicators to measure results in the early care and education system. Once indicators are identified, it is often difficult to get the right data to measure results. Data on sub-populations, child development, and resiliency factors are sorely lacking. Similarly, fiscal management systems are designed to measure process, not outcomes.

The national experts and state and community representatives participating in the Roundtable discussed several strategies, models, and tools that could make a difference in their efforts to move toward results-based decision making. There was wide recognition that many of these are in the infancy stages of development and are not yet ready to disseminate to a broader network. Nevertheless, the potential to develop support systems for results-based work generated a great deal of excitement, for several reasons: First, these strategies, models, and tools can help key stakeholders make wiser decisions about the range of services and supports in which they should invest. Second, these systems can be used to build the political will necessary to gain support for better investments. And third, they can be used to monitor the results of those investments to ensure that they are actually achieving better outcomes for children and families.

Roundtable participants recommended that a research and demonstration agenda support the further development, refinement, and dissemination of effective models and tools to support results-based decision making. In addition to refining these models and tools so that they are useable and affordable, the agenda includes building the technical assistance capability to support state and local communities in the application of these models and tools. A variety of inter-related models and tools were suggested, including:

- Data to Help State and Local Communities Build a Case for Better Investments. Data can help states understand the big picture, or general conditions of well-being and progress toward improving the status of children and families. They can also help communities reflect on what they are doing right, and where they need to focus more attention. Using data to create competition between communities can often propel people into action.

- Resource Mapping. Many communities have begun to map the resources they receive as a way to better understand their assets and funding gaps. Resource mapping has also been recognized as a tool for community engagement. GIS mapping, zip-code mapping, and other tools need to be further developed to assist with this work.

- Children's Budgets. Many states and communities are using various forms of children's budgets to inform the budget process. Effective models for children's budgets and strategies for using them should be disseminated, to help drive (not just inform) decision making.

- Cost-Benefit Analyses. States and communities want to make investments that have higher benefits than costs, and can use cost-benefit analyses to make the case for wiser investments. In addition, it is advantageous to know the costs and benefits for all investments, as well as by individual funding source.

- Return-on-Investment Analyses. These can help show the viability of investments for specific programs or strategies, such as family preservation or family support. Again, tools to support these analyses need to be further developed and disseminated.

- Cost-Avoidance Analyses. By demonstrating where communities are making a difference in results, they can show cost avoidance down the line. For instance, spending dollars on strategies to send children to school ready to learn will avoid education and training costs in future years. This analysis can help people take a longer-term view of the investments made for young children and families, and see the avoidance of costs in the future. In other words, pay now, or pay more later.

- Cost-of-Bad-Results Analyses. This type of analysis can show the financial stakes of not improving results. Once people see the true costs of failure in back-end costs, it is easier to understand why front-end investments are needed.

- Calculations of Intangible Assets. Assets that are rarely addressed in financing discussions include the non-monetary resources in communities, namely, the

these intangible assets can help people understand the potential resource they represent, and lead to strategies to tap these assets in a more systematic way.

- "Cost-Out" Calculations. This calculation estimates the cost of moving toward a universal system of care and education. At least one state, North Carolina, has determined that it would cost $355 million, or $288 million above current appropriations, for its early care and education program, Smart Start, to be funded state-wide. Understanding the cost of funding the program state-wide has helped program officials to anticipate the work ahead, and to stay focused on the ultimate goal of a state-wide system. Other states, particularly those moving toward a state-wide system, have expressed interest in the methodology used to calculate this cost-out.

Understanding the Potential of Managed Care and Privatization to Improve Services and Supports for Young Children and Their Families

Managed care represents another trend in the field of child and family services that has major implications for financing services and supports for young children. Managed care financing and delivery strategies are increasingly being applied to an array of community-based social services for children and families. State and local leaders are seeking ways to use managed care to support efforts to build more comprehensive, community-based, integrated systems that control costs and monitor effectiveness. At the same time, they are concerned about managed care's bottom-line orientation toward cost and prevention, and whether or not they will be able to ensure quality care.

In addition to opportunities brought about by managed care, health and human services administrators are exploring privatization as a means to reduce costs and improve quality. Contracting, the principal tool for privatization, involves farming out many aspects of service delivery that have traditionally been handled by public agencies. Privatization has a long history in the human services field, but recent changes in federal welfare policy, the expansion of children's health insurance, and the general trend toward increased flexibility to states have resulted in even greater interest in the potential to administer public programs through vouchers and contracts with the private sector. State and local leaders are seeking effective models of contracting, including those that are performance-based.

Managed care financing and service delivery, as well as other contracting mechanisms, represent promising approaches for state and local communities to control costs and improve the quality of services and supports for young children and their families. Unfortunately, there are many perverse incentives and potential disadvantages to both of these strategies that need to be carefully considered before these mechanisms can be adopted on a broad scale. Some of the challenges raised during the Roundtable meeting include the following:

- Ensuring quality while controlling costs;
- Adopting managed care strategies that adhere to a social-services, rather than a medical, model;

- Preparing staff to become better purchasers of services;
- Ensuring accountability while simultaneously encouraging flexibility and innovation among providers;
- Ensuring that appropriate treatment services are covered for those children needing a higher level of intervention services;
- Finding ways for small community-based organizations, particularly those in communities with a lot of "hard core" cases, to be able to assume risk; and
- Ensuring that contracting is "mission driven."

Roundtable participants recommended that a research and demonstration agenda include developing conceptual frameworks and policy research to help state and local communities maximize the potential of managed care and other contracting mechanisms to achieve better results for children and families. State and local communities could benefit from an articulation of a framework to guide decision making about these strategies. Also, policy research should be supported to clearly define and analyze the benefits of various managed care and other contracting approaches.

Finally, Roundtable participants noted that existing state and local efforts to apply managed care principles and other contracting procedures provide important laboratories for further study. States and local communities that have broken new ground in applying managed care principles to children and family services should be carefully examined to determine whether or not they are improving results. Suggested areas for study include the following:

- Developing rigorous cost-benefit models;
- Determining whether or not capitation is an appropriate basis for contracting for a broad array of services for children and families;
- Exploring the extent to which these strategies lower costs, ensure accountability, and promote quality, flexibility, and innovation;
- Examining the potential for risk sharing in small community-based organizations; and
- Inquiring into the extent to which training can help public officials become better purchasers of services.

ISSUES AND DIRECTIONS FOR DEVELOPING THE INFRASTRUCTURE TO SUPPORT IMPROVED FINANCING

New federal and state legislation, as well as the development of new models and tools to support effective financing strategies, have rapidly changed the environment for financing services and supports for young children and their families. Given the dynamic nature of this field, it is critical to make investments in an infrastructure at the national, state, and local levels to support improved financing and services delivery. The development of an infrastructure is important to ensure that key principles and values of a system of early care and education are shared; that a common vocabulary is established; that tools and

technologies are used effectively; and that information about best practices, success stories, and challenges is shared as widely as possible.

This infrastructure should have at least two defining characteristics. First, it should be as inclusive as possible, involving an extensive network of organizations and institutions with the capacity to provide leadership to nurture and sustain the change process. This wide network should also be fluid enough to allow participants to give and take from the infrastructure, based upon their experiences and needs. Second, the infrastructure should be as adaptive as possible, allowing for continuous shifts in emphasis and priority. Given the rapid nature of change in this field, it is important that the infrastructure be able to respond quickly to changing needs and circumstances.

Several ideas emerged from the Roundtable discussion about how to create an infrastructure to meet the changing needs of financing reformers. They are described more fully below.

Developing Clear and Concise Language to Guide Financing Reform

One of the major stumbling blocks to many change efforts is the lack of clarity in the difficult and complex language and concepts undergirding the change process. History has proven how difficult it can be to move forward on a change agenda when people have different ideas about the meaning of the vocabulary being used to support change. The lack of clarity about language and concepts often creates major barriers to consensus-building during the conceptual and planning phases. It can also completely derail implementation when people realize that they are not doing what they thought they would be doing, and then valuable time must be spent re-clarifying and re-establishing consensus on key ideas. Finally, it is hard to expect models and best practices to be effectively disseminated or replicated without a clear understanding of the meaning of the terms guiding the work.

The Roundtable discussion revealed that, even among experts in any given field, one should never assume that there is an agreed-upon vocabulary. People need reminders, for instance, about what the terms guiding the accountability process really mean, such as "results," "indicators," "outcomes," and "performance measures." Similarly, because an early childhood system envisions the coming together of people from many different backgrounds—health, education, child care, child welfare, mental health—there can be no assurance that everyone is working with the same definitions. This was brought home clearly when in a group of eight people, each had a different definition of the term "medical model." While some definitions were similar enough to complement each other, other definitions would lead to completely different conclusions about priorities and direction for change.

Roundtable participants recommended the development of a lexicon of terms for use by those who would be involved in state and local efforts, including policy makers, administrators, program implementers, front-line practitioners, community stakeholders, academics, and technical assistance providers. The process of developing the lexicon would begin by building consensus on what is meant by existing terms. A "dictionary" would be published, with definitions of terms and concepts—such as results-based budgeting,

begin by building consensus on what is meant by existing terms. A "dictionary" would be published, with definitions of terms and concepts—such as results-based budgeting, managed care, and benchmarking—and would include concrete examples of how terms are used in "real life." A network of institutions and organizations would agree to consistently use the definitions in their interactions with people, as well as in all subsequent publications, including best-practices manuals. Finally, the lexicon would continually be updated to respond to new terms and concepts developed in the field (e.g., "critical mass" and "tipping point").

Providing Access to Information

Access to a wide range of information, including data, financing strategies, and best practices, can support effective financing strategies for young children and families. To date, much of the information needed to guide these efforts has been non-existent, scattered in many places, and/or difficult to access. Even when it is available, it is often presented in ways that are not easily useable by a diverse group of people, including community leaders. Any infrastructure, therefore, should respond to these information needs.

Creating Better Data Systems to Track Results

While an abundance of data exist at the federal, state and local levels, it is often difficult to get adequate data to measure outcomes in the early childhood arena. For instance, much of the data are on families in general, and do not support analysis of sub-populations such as families with young children. It is also difficult to specify and collect good data for commonly used indicators for early childhood, such as "ready to learn," as well as resiliency factors. Finally, much of the available data are collected on a national or state-wide basis, but are not available at the community level. In order to make the case for investments in early care and education systems, states and communities will ultimately need better "local" baseline data on child development to track over time. This will require the development of new data sets for families with young children, specific data to support indicators of early childhood (such as "children ready to learn"), and data to measure resiliency factors in families.

Roundtable participants stressed the importance of investing in the development of better data for early childhood development. Such an investment could include the establishment of a national panel to develop recommendations about what data needs to be collected to track child development outcomes. These recommendations should serve as the basis for new public and private investments in the creation of data for child development.

Making Existing Data Systems More Accessible

Using existing data to track outcomes can be a powerful accountability tool, but state and local stakeholders do not often know which data sources to turn to, and how to best access them. The Roundtable discussion emphasized the need for localized, data in particular, to help communities know if they are meeting intended outcomes for service delivery. Good data can help them make the case for re-prioritizing funding. It can also be used as a

motivating factor, by allowing local communities to compare how they are doing vis-a-vis other local communities in their area.

Roundtable participants recommended that targeted technical assistance be deployed to help states and communities use existing data to track the progress of efforts to improve early care and education systems. While they have some limitations, there are several existing data sets that can serve as a baseline for states and communities trying to improve early care and education systems. Examples include the use of immunization data and survey and test results of how children fare when they enter school as measures of readiness to learn. In addition, over time, states and communities can implement new data collection efforts to track the impact of interventions using sample and survey methodology.

Making Information on New Fiscal Strategies More Accessible and Timely

Because the funding environment for early childhood services and supports is so fluid, an infrastructure needs to support a process to get information about fiscal strategies out in a more timely way, and in a form that is readily accessible to states and communities. This includes information about new legislative funding opportunities, such as TANF and S-CHIP (described earlier), as well as potential strategies to entice private-sector financing. Roundtable participants recommended the creation of an information clearinghouse function to provide timely information about financing strategies and tools to the field. This clearinghouse function would not be the responsibility of one organization, but rather a network of organizations that would identify, gather, and disseminate needed information to a wide range of people. Information needs that could be serviced by this clearinghouse network would include:

- Replicable models and best practices demonstrating effective financing strategies for young children and their families;
- Tools to support financing goals, including tools for results-based budgeting, cost-benefit analysis, resource mapping, etc.; and
- One web site to link all places on the Worldwide Web that serve as sources of information on financing for young children.

State and local leaders have also stressed, however, that reports and written documentation of programs are not enough. They also want to understand the challenges to the effort; have an opportunity to meet with and visit program implementers and policy makers from those sites; and have access to the tools and training and technical assistance providers that supported the change process. Similarly, state and community leaders who have lessons to share say that they, too, benefit from such exchanges. An infrastructure, therefore, should not only support the development and dissemination of practical guides and manuals on best practices, but should also encourage peer-to-peer dialogue and consultation.

Creating/Recreating Fiscal Management Systems

The current fiscal management systems to track resources spent on early childhood programs are extremely outdated. Most are designed to track process measures, such as how many clients were served and what services they received. New accountability strategies, on the other hand, require measuring progress toward results, such as whether or not services were effective. Many states have found that existing fiscal management systems are enormously difficult to change, and that they must recreate their systems from the bottom up. This creates many challenges, as states must keep old systems intact while developing new ones. An infrastructure, therefore, would include the development of new fiscal management strategies to respond to efforts to track the use of resources in a results-based environment.

Improving Training Infrastructure to Better Prepare Staff

New financing models for early childhood services and supports are often not effectively implemented because staff are not adequately prepared for new ways of doing business. Roundtable participants suggested that good training can help staff at every level of the system become comfortable with the concepts, models, and tools for financing early care and education. Because new financing schemes often include strategies for integrated service delivery, staff also need to understand and appreciate the goals and expected outcomes for other systems. Interdisciplinary training can help them "walk in each other's shoes" and learn about how their work complements others' work.

Investing in training will require supporting the development of training packages appropriate for a diverse group of staff from different systems; pilot-testing the training in sites where reform efforts are occurring; and refining the packages based on feedback from the pilot sites. Training packages should be affordable, accessible, and adaptable, so that they can be delivered by local training providers as well as national organizations. Training on financing models and tools should be made accessible for administrators, policy makers, and, perhaps most importantly, budget officers, accounting departments, auditors, and other fiscal staff. It is also critically important that time and space be made available during work days so that training and new methods are not viewed as add-ons, but as parts of people's jobs. Finally, training should not be a one-time event, but part of a continuous learning process that brings in new information as new financing strategies and concepts are developed.

Developing Evaluation Capacity

Leaders of efforts to improve financing services and supports for young children and families have found limited capacity to evaluate the efficacy of new approaches, in part because traditional methods of evaluation do not capture the kind of information that is needed. Lack of evaluation capacity is endemic to the social services field, which tends to be wary of quantitative evaluations that might "interfere" with program strategies and that can give the appearance of "studying communities," an issue which is particularly sensitive in low-income and minority communities. In addition, traditional evaluation designs are often not well suited to complex change processes, where several factors and influences combine to

affect the ultimate outcome. Efforts to improve financing for early care and education systems need to be supported by stronger evaluation capacity, as well as by new evaluation designs appropriate for complex community change efforts, such as self-evaluation models and "theory of change" evaluations.

ISSUES AND DIRECTIONS FOR BUILDING THE PUBLIC WILL AND RESOURCES TO SUPPORT AND SUSTAIN CHANGE

States and communities vary widely in their commitment to developing new ways of financing services and supports for young children and their families. Many are just getting started, and need to implement basic strategies to gain public and political support for a reformed system. Others have some level of commitment to early childhood, but face shrinking resources and competing interests. A small number of states and communities, such as those represented at the Roundtable, have developed an exceptionally high level of support for this work, but struggle to sustain their successes and replicate them in other communities, both within and outside the state.

The states and communities that have won support for these initiatives stress the importance of strong leadership at many levels to mobilize public will and generate the resources necessary to move from reform to sustainability and replication. This leadership can take many forms, but must encompass a wide network of stakeholders, including public agencies, the business sector, providers, residents, and foundations. Roundtable participants focused much of their discussion in this area on public-private partnerships, viewing them as one of the most promising avenues for mobilizing the leadership needed to expand and improve services and supports for young children and their families. They also discussed the importance of identifying, disseminating, and marketing success stories from existing change initiatives.

Building Leadership Through Public-Private Partnerships

States and communities seeking to improve financing of services and supports for young children and their families have learned the value of investing time and effort in building leadership at many different levels. For many of the Roundtable participants, public-private partnerships are one of the principal means through which they are mobilizing, cultivating, and sustaining leadership capacity. These partnerships may be government-initiated, philanthropy-initiated, multi-sector-initiated, or business-led. Some of the overarching lessons that have been learned about public-private partnerships as a vehicle for leadership development are:

- Effective public-private partnerships look beyond traditional leaders (i.e., governors, human services directors) to engage new constituencies that can appeal to a broad cross-section of people. At the beginning stages of change efforts, it is important to think strategically about the range of potential partners that should be involved in the partnership and why, and to cultivate the leadership of key constituencies that can contribute to the change process. Leaders who can have a tremendous impact on

financing strategies include governors, public agency staff, legislators and their staff, budget staff, the media, business leaders, attorneys general, state and local advocates, child care and other service providers, the faith community, foundations, neighborhood associations, parents, and community residents.

- It is important to identify and build on the mutual interests of all potential partners. Public-private partnerships exist because leaders have found strong mutual interests in exploring new ways to meet the needs of young children and families. For many leaders, however, this self-interest takes different forms, and it is important to explore the motivations of all partners. Government leaders may want to leave a legacy of having met the needs of young children and families, and are placed under increasing public scrutiny to use public resources in those programs as effectively as possible. Business leaders may be seeking to attract and retain a qualified workforce to enhance their productivity and to market their products. Community stakeholders, who continue to see young children and families lacking access to basic services and supports, are interested in expanding the quantity and quality of services and supports available, while also addressing the community and economic development needs that affect the vitality of the community. Although each of these motivations is slightly different, understanding and accommodating these differences can help leaders move forward with change efforts.

- Public-private partnerships can be an excellent vehicle to promote systemic change. In addition to focusing on individual programs and policies, public-private partnerships can serve as vehicles for promoting broad changes in the early care and education system. When partnerships bring leaders from different quarters to the table, they can approach state and community needs systematically and focus on strategic outcomes. This creates an environment that provides the support and resources needed to undertake broad systems-reform efforts.

- It is important for public-private partnerships to draw upon the strengths and embrace the contributions of all partners. People not only come to the table with different agendas, but with different strengths to contribute to the process. Successful partnerships draw upon the strengths of individual members, while remaining sensitive to the different corporate, bureaucratic, or community "cultures" from which the members come. Learning to work with different styles may take time and energy, but listening to and learning from others around the table is one of the best strategies for gaining the trust that is necessary to move together in the same direction. Furthermore, these different styles can be highly advantageous in gaining support from different sectors. For instance, governors and administrators may not be politically prepared to de-fund programs on their own, but will respond to business leaders and community residents who pressure them to re-allocate dollars.

Given the challenges of building and nurturing public-private partnerships, Roundtable participants encouraged further development of technical assistance in building public-private partnerships. This technical assistance capability should be flexible enough to respond to the diverse needs of states and communities. This technical assistance capability would include, at a minimum:

- Understanding lessons learned and strategies employed by existing partnerships;
- Facilitating replication of model practices;
- Providing access to effective tools and sample materials to assist the development of partnerships;
- Enabling peer-to-peer consultation; and
- Using program evaluation to track the success of public-private partnerships.

Another idea that emerged from the Roundtable meeting was to conduct a study on how to craft tax policies and other incentives for businesses to become more involved in financing early care and education systems. One of the major reasons why businesses do not readily finance components of early care and education systems, such as child care facilities, is the lack of financial incentives to do so. In other fields, such as housing, low-income tax credits have provided the financial community with incentives to invest because they can reap financial benefits. Once they put their dollars into the system, they are also more likely to advocate for continuation of the program.

A study of tax credits and other incentives that can be used to tie the interests of businesses to the early childhood industry should be conducted. The study would look at financing options that have attracted businesses to other human service industries, and analyze these options in relation to the early care and education system. The study might also survey states to see what tax credits and other incentives already exist, and how they might be replicated in other states and communities.

Identifying, Disseminating, and Marketing Models, Best Practices, and Success Stories

Leaders of change initiatives can be more effective advocates if they have concrete success stories they can share about strategies and programs that have worked in other places. The public and policy makers are more likely to support a financing strategy if it has been tried and has succeeded elsewhere, and if they can learn the hard-earned lessons from other sites. Once success stories have been identified, then effectively marketing them to key constituencies and the public at large can help build the groundwork for replication and sustainability in reform sites. It also helps in understanding how to overcome any perceived barriers to implementing the idea.

There are challenges, however, to marketing models of early care and education strategies. First, it is difficult to boil successful initiatives down to stories that are concise and understandable by diverse constituencies. Policy makers may be interested in one set of stories, such as how the effort moved through the state legislature, while program administrators are interested in the practical implications of the initiative on staff and service

delivery. The public, on the other hand, is generally most focused on the impact of the initiative on the lives of children and families.

Second, successful financing strategies are often the result of many factors coming together in a place to create the condition for change, referred to in other places in this document as the creation of "critical mass." Thus, it is important to understand the full range of factors and conditions that contributed to positive change, rather than just a single strategy. While all of these factors cannot (and should not) be communicated through a marketing strategy, leaders must understand that as they are creating political will, they are also creating high expectations that change will occur. These expectations may need to be dealt with later, as the complexities of implementing and sustaining improved financing strategies are brought to light.

While dissemination of best practices was previously discussed as an issue of infrastructure, it is also important to understand it as a tool that can be used to build resources and political will. Replication manuals and case studies are appropriate for those who are already convinced about the value of an idea. In addition, clear and concise information about best practices should be developed as a marketing tool for those who need more information to make the case for investments in early care and education. Those with responsibility for disseminating best practices should understand strategies for social marketing, and use those strategies to develop materials that will help "sell" new approaches to financing for young children and their families.

Finally, the early care and education field should glean lessons that have been learned about building public will from other fields. Many of the experiences of and strategies used by other fields to gain support for their ideas can be identified and analyzed for their relevance to early childhood issues. Examples of efforts that might be studied include the environmental movement, Mothers Against Drunk Driving, and anti-smoking campaigns.

UNDERSTANDING AND INVESTING IN THE "CRITICAL MASS" OF FACTORS AND CONDITIONS TO SUPPORT POSITIVE CHANGE

There are many components that need to be in place before improved financing structures can bring about better results for young children and families. Several of the strategies and conditions that can contribute to these changes have been described above. One of the major challenges to state and local community initiatives, however, is that there is no formula for how to improve financing for young children and families: change will occur in different ways, at different times, and with different sets of strategies across reform sites. In other words, change does not follow a linear path, but happens when a critical mass of factors and conditions is in place in a state or community for positive change to happen. This critical mass is not only a function of the elements of change, but also of the timing and sequencing of changes that respond to local context.

The critical elements necessary for change were highlighted in many of the state and local stories shared during the Roundtable meeting. State and local leaders had created their own lists of what factors they thought would lead to critical mass. The lists included elements such as vision and change concepts, public interest and will, powerful leadership,

and partners who work well together.[5] The degree to which certain elements became priorities in a state or local community depended upon local context, including local strengths and capacities, timing, and political considerations. For instance, state leadership was critical at the beginning stages of initiatives in some places, while in others it was not as important, at least initially, when there was strong leadership at the grass-roots level to create momentum for change. Participants acknowledged the overwhelming challenge of trying to put all the pieces into place at once, and the need to be clear about priorities at all stages of the reform effort.

During the Roundtable meeting, the "tipping point" also emerged as a concept for how to turn the corner on difficult social problems, including the question of how to provide adequate services and supports to young children. Tipping point theory has its roots in epidemiology, in which every epidemic has a point at which an ordinary and stable phenomenon can turn into a public health crisis. In tipping point theory, many small changes can have huge effects, while large changes can have small effects, depending upon when and how the changes are made.

More recently, tipping point theory has been applied to the crime prevention field, where reductions in crime may be explained by the introduction of many small interventions—such as confiscating more guns, shutting down more drug markets, and putting more police on the streets—rather than one large intervention. As George Galster of the Urban Institute has said, "You get nothing until you reach the threshold...then you get *boom.*"[6] Roundtable participants were intrigued by the tipping point theory, and suggested that if enough elements are put into place at the right time, they may lead to a positive trajectory in outcomes for young children and families. Tipping point theory, in other words, may be one way in which critical mass is achieved.

Developing a Better Understanding of the Relevance of Critical Mass and Tipping Point Concepts to Improved Financing for Young Children and Their Families

Critical mass and tipping point concepts may be useful constructs to apply to efforts to foster positive change in financing services and supports for young children and families. Because these concepts are fairly new, Roundtable participants recommended the further development of these concepts in the context of financing for early childhood development. As a starting point, it is important to develop further understanding and consensus about the meaning of the terms, and how they apply to financing reform. For instance, is critical mass achieved when change starts to happen, and if so, what kind of change? Is it when people begin to agree about the importance of investing in early care and education, or when we actually begin seeing better outcomes? Or is critical mass achieved when things are happening in enough places, i.e., access to universal services? In short, more conceptual

[5]These examples of critical elements are taken from a list developed by Robert Nelkin, Executive Director of Pittsburgh Starting Points.

[6]Gladwell, Malcolm. *"The Tipping Point."* The New Yorker, June 3, 1996, pp. 32-38.

development is needed to understand how these concepts have been applied in other arenas, as well as their potential application to financing reform.

In addition, it was suggested that studying existing financing reform efforts may help state and local communities predict what conditions will lead to achieving critical mass. Many states and local communities have had years of experience and success at fostering positive change in financing for young children and their families. These places should be studied systematically and over time to understand what factors, in what sequence, and under what circumstances, lead to positive change. Comprehending these factors and conditions may help to prioritize the many pieces of financing reform, and to sequence them in ways that are more likely to achieve success. Finally, it can help reformers better predict how factors that are outside their sphere of control—such as wages and recessions—may work against critical mass during the life of a reform initiative.

Several Roundtable participants also stressed the need to extract lessons about efforts that have not worked in other places in order to better understand the obstacles to positive change. Despite many years of hard work and effort, there are many state and local communities that have not been successful in achieving or sustaining reforms. Many of these places may have been missing essential elements, or they may have had obstacles that pushed against the reform initiative and prevented it from going forward. Understanding what has not worked, and why, is an important contribution to the knowledge base on financing reform efforts.

Finally, there was wide consensus that state and local communities continue to need targeted technical assistance and learning forums to help them move further toward achieving critical mass. Participants in the Roundtable meeting and in previous meetings have consistently emphasized the value of technical assistance and learning forums that provide opportunities for them to share, learn, receive feedback, and reflect on their change initiatives. Because they are always juggling so many pieces of the reform efforts, they often see these forums as the only opportunities available to step back and evaluate progress toward objectives and goals. Peer-to-peer consultation is often cited as one of the most valuable forms of technical assistance.

States and local communities that are moving toward financing reform can learn a great deal from those that have gone before them. Reform-ready states and communities would benefit tremendously from the insights and lessons gleaned from the research of existing initiatives recommended above. They can also benefit from understanding more about the stages of reform, as well as the critical elements that others have considered important to their change initiatives.

CONCLUSION

The environment for positive change in financing services and supports for young children and their families is more promising now than in recent memory. The public, policy makers, and opinion leaders are becoming more convinced of the value of investments in the early years to ensure children's healthy growth and development. At the same time, states and local communities now have greater flexibility to use new and current resources to invest in a

wide range of supports and services to meet the needs of young children and families. A recent survey of the nation's governors, for instance, revealed that many states are targeting resources in their 1998 budgets to the youngest Americans.[7]

Despite these hopeful trends, many challenges exist to investing new and current resources in ways that produce the greatest positive return on public- and private-sector investments. State and local leaders are eager for more information about how they can capitalize on recent policy reforms; how innovative models and tools can help them make better use of fiscal resources; what kinds of information and support are available to guide them through the reform process; and what works to gain the public support needed to foster positive change. Reformers are also interested in learning more about which critical elements are most likely to lead to positive change, and under what circumstances.

The research and demonstration agenda outlined in this paper is intended to stimulate the development of conceptual models to guide financing reform of supports and services for young children and families, tools and models to support reform movements, and demonstrations to test the efficacy of innovative financing ideas. It is an ambitious agenda that will require the collective effort of a wide network of people, organizations, and institutions committed to enhancing the quality of services and supports for young children and families, including national organizations, think tanks, state and local leaders, the federal government, academics, and foundations. While Roundtable participants did not feel the need to prioritize the work outlined in this agenda, the urgent need for technical assistance tools and resources was echoed throughout the sessions and across topic areas. Despite the size and complexity of the work that is required to implement some or all of these recommendations, the effort will fill an important void in knowledge, understanding, and progress toward meeting the needs of our nation's most vulnerable young children and families.

[7] *Survey: Early Childhood Programs Up*, Handsnet, December 18, 1997.

ABOUT THE FINANCE PROJECT

The Finance Project is a national initiative to improve the effectiveness, efficiency, and equity of public- and private- sector financing for education, other children's services, and community building and development. With leadership and support from a consortium of private foundations, The Finance Project was established in 1994 as an independent, non-profit organization. It undertakes an ambitious array of policy research and development activities, policymaker forums and public education activities, as well as support and technical assistance activities.

The work of The Finance Project is aimed at increasing knowledge and strengthening the capability of communities, states, the federal government, and non-governmental initiatives to implement promising strategies for generating necessary fiscal resources and improving the return on investments in children and their families. Its activities are intended to:

- Examine the ways in which governments at all levels, and the private sector, finance education and other supports and services for children (age 0-18) and their families;
- Identify and highlight structural and regulatory barriers that impede the effectiveness of programs, institutions, and services, as well as other public investments, aimed at promoting children's growth and development;
- Outline the characteristics of financing strategies and related structural and administrative arrangements that support improvements in education, other children's services, and community building and development;
- Identify promising approaches for implementing these financing strategies at the federal, state, and local levels and assess their costs, benefits, and feasibility;
- Highlight the necessary steps and cost requirements of converting to new financing strategies; and
- Strengthen intellectual, technical, and political capability to initiate major long-term reform and restructuring of financing systems, as well as interim steps to overcome inefficiencies and inequities within current systems.

The Finance Project extends the work of many other organizations and blue-ribbon groups that have presented bold agendas for improving supports and services for children and families. It is creating the vision for a more rational approach to generating and investing resources in education, other supports and services for children and families, and communities. It is developing ideas, options, and policy tools to actively foster positive change through broad-based systemic reform, as well as through more incremental steps to improve the effectiveness, efficiency, and equity of current systems. It also provides support

and technical assistance to "reform ready" states, communities, and initiatives engaged in efforts to align their financing systems with their policy and program reform agendas.

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